

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries & Commerce Department- M/s. MLR Motors Private Limited - Establishment of 4 wheeler manufacturing facility – Allotment of land and extension of certain benefits/ concessions – Extension of time limit to achieve financial closure and payment of balance land cost to the A.P.Industrial Infrastructure Corporation Limited (APIIC) upto 31.10.2010 – Orders – Issued.

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INDUSTRIES AND COMMERCE (INF) DEPARTMENT

G.O.Rt.No. 339

Dated: 27.5.2010.

Read the following:

1. G.O.Ms.No.91, Ind & Com (INF) Deptt., dt. 24.4.2007.
2. From the MD, M/s. MLR Motors Ltd., lr.dt.21.9.08.
3. G.O.Rt.No.787, Ind & Com (INF) Deptt., dt. 22.10.08.
4. From the Director, M/s. MLR Motors Ltd., lr.dt.5.10.09.
5. G.O.Rt.No.713, Ind & Com (INF) Deptt., dt.25.11.09.
6. From the Director, M/s. MLR Motors Ltd., lr.dt.15.4.2010.

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O R D E R :

The Government, in the G.O., 1st read above have issued orders allotting 225 acres Government land identified at Muppireddipalli and Kallakal villages, Toopran mandal, Medak district and extend certain benefits/concessions in favour of M/s. MLR Motors Private Limited for setting up of a 4 wheeler manufacturing facility subject to fulfilling the conditions stipulated therein. According to the condition stipulated in Para 6 of the order, the MLR Motors Private Limited has to achieve financial closure within one year, apart from fulfilling the other conditions.

2. The Government after considering the circumstances reported by the Managing Director, M/s. MLR Motors Private Limited have issued orders in the G.O., 5th read above in favour of the company and extended the time limit to achieve the financial closure upto 31.3.2010 and to make payment of balance land cost to the APIIC by 31.1.2010.

3. The Director, M/s. MLR Motors Private Limited in the latest representation, dt. 15.4.2010 has stated that after several unforeseen external events and set backs beyond their control, the project is now in an advanced stage of appraisals by the financial institutions and the financial institutions have asked the company to furnish confirmation about the validity of the incentives/ concessions as contained in the orders issued by Government in G.O.Ms.No.91, Industries & Commerce (INF) Department, dt. 24.4.2007. The Director has also submitted the following extraordinary events and circumstances which were delayed all their efforts in achieving financial closure within the dead line.

1. the Satyam financial scam, which rocked the financial and corporate world cast a shadow over the credibility of entrepreneurs from the State. It took considerable time and effort to neutralize the negative impact of the scam.
2. the DPR for the project was prepared by Price Waterhouse Coopers (PwC), hitherto one of the most respected consultancy firms in the world. However, post Satyam scam, this turned out to be a hindrance rather than help. The PwC connection caused potential financiers to shy away from the project even after they displayed enthusiasm earlier. We were forced to have the Report prepared by another agency and resume our efforts for financial closure from scratch.

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3. The global recession in the Automobile industry inhibited financial institutions from taking up Greenfield projects. It took time for the institutions to realize that the global recession in fact was a window of opportunity for auto projects in India, which has emerged as the world hub of small and fuel efficient cars.
4. by the time the interest of financial institutions was revived, civil disturbances and agitations which rocked the State gave rise to fresh question marks. Amidst speculation that even existing industries plan to relocate, Banks and Institutions once again became circumspect about financing a new project.
4. In view of the above, the Director, M/s. MLR Motors Private Limited has requested the Government to consider and issue orders granting extension of time for the financial closure for the project, and confirmation of the validity of the incentives and concessions granted for the project.
5. The Government after careful consideration of the reasons put forth by the Managing Director, M/s. MLR Motors Private Limited hereby consider extension of time limit with validity of the incentives and concessions ordered in the G.O. 1st read above for another 6 months i.e., upto 30.10.2010 as a last opportunity. The Managing Director, M/s. MLR Motors Private Limited is requested to achieve the financial closure and make balance land cost to APIIC within the extended period of time and also to fulfill the other conditions stipulated in the G.O., 1st read above and to establish the 4 wheeler manufacturing facility in the land allotted to the company in Medak district.
6. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Limited is requested to take action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

B. SAM BOB
PRINCIPAL SECRETARY TO GOVERNMENT AND
COMMISSIONER FOR INDUSTRIAL PROMOTION

To
The Vice Chairman & Managing Director,
A.P. Industrial Infrastructure Corporation Limited, Hyderabad
The Managing Director, M/s. MLR Motors Private Limited,
Plot No.41/1 A, IDA Balanagar, Hyderabad-37.
The Commissioner of Industries, Hyderabad.
Copy to:
The OSD to Minister for Major Industries.
PS to Principal Secretary to Government & CIP., Ind & Com Deptt.
Sf/sc.

// FORWARDED :: BY ORDER //

SECTION OFFICER